

3 receiving at least one non-binding quote, wherein the non-
4 binding quote provides an indication of a willingness to trade a
5 corresponding derivative;
6 transmitting the best of the at least one non-binding quote to
7 market participants over a communication network;
8 receiving a request for binding quote for at least one
9 derivative instrument from market participants over a
10 communication network;
11 transmitting the request for binding quote over a
12 communication network;
13 receiving binding quotes in response to the transmitted
14 request for binding quote; and,
15 transmitting the binding quotes to the market participants.

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cont

1 10. (New) The method of claim 9, wherein the request for binding quote
2 includes information identifying the derivative of interest, and a requested
3 quantity.

1 11. (New) The method of claim 9, wherein the non-binding quotes are
2 obtained from a matrix of bid and ask prices at different volatilities and different
3 underlying prices.

1 12. (New) The method of claim 9, wherein the step of transmitting the best of
2 the at least one non-binding quote comprises aggregating the volume associated
3 with the non-binding quotes having the best bid and ask prices and transmitting
4 the aggregate as the best non-binding quote.

1 13. (New) The method of claim 9, further comprising the step of matching
2 binding quotes and orders.

1 14. (New) The method of claim 13, wherein the matching is performed on a
2 price-time priority basis.

1 15. (New) A method for electronically trading derivative instruments
2 comprising the steps of:
3 receiving and displaying indicative quote information for at
4 least one derivative, wherein the indicative quote information
5 comprises at least the best bid and ask non-binding prices for the at
6 least one derivative instrument;
7 transmitting a request for quote for one of the at least one
8 derivative instrument;
9 receiving a binding quote for the at least one derivative
10 instrument.

1 16. (New) The method of claim 15 wherein the indicative quote information
2 further comprises an associated quantity.

1 17. (New) The method of claim 15 wherein the step of transmitting a request
2 for quote is performed by selecting the indicative quote on a display.

1 18. (New) The method of claim 15 wherein the step of receiving a binding
2 quote for the at least one derivative instrument comprises receiving the binding
3 quote via an intermediate exchange.

- 1 19. (New) The method of claim 15 further comprising the step of displaying
2 the binding quote.

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- 1 20. (New) The method of claim 15 further comprising the step of transmitting
2 an order in response to receiving the binding quote.

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Respectfully submitted,

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